

## Difference between a Company and an LLP

SR. NO.	PARTICULAR	COMPANY	LIMITED LIABILITY PARTNERSHIP
1.	Governing Law	Companies Act, 2013 (previously Companies Act, 1956) and various Rules made thereunder.	The Limited Liability Partnership Act, 2008 and various Rules made thereunder
2.	Nature	A company is a body corporate formed and incorporated and which has legal entity separate from its members, having perpetual succession and liability of its members shall be limited.	A LLP is a body corporate formed and incorporated under this act and which has legal entity separate from that of its partners, having perpetual succession and liability of its partner shall be limited.
3	Registration	Compulsory	Compulsory
4	Creation	Created by law	Created by law
5	Separate Legal Entity	It is separate legal entity, separate from its member, directors.	It is separate legal entity, separate from its partners\ designated partners.
6	Perpetual succession	It has perpetual succession.	It has perpetual succession.
7	Purchase of Property	A company can purchase movable / immovable property in its name.	LLP can also purchase movable / immovable property in its name
8	Common Seal	It denotes the signature of the Company and every company shall have its own common seal.	It denotes the signature of the Company and LLP may have its own common seal, if it decides to have one.
9	Formalities of Incorporation	Various documents / declarations executed in prescribed formats pre-filled in designated e-forms are required to be filed with ROC along with filing fee.  Obtaining of Certificate of commencement of business mandatory both for private and public limited companies.	Various documents / declarations executed in prescribed formats pre-filled in designated e-forms are required to be filed with ROC along with filing fee.  Certificate of commencement of business is not mandatory.
10	Legal Proceeding	A company can sue and be sued	LLP can also sue and be sued
11	Taxation	It is a separate taxable entity	Similar to Partnership Firm.
12	Name	Suffix 'Limited' or 'Private Limited' has to be added to the name	Suffix 'LLP' or Limited Liability Partnership has to be added to the name.

13	Ownership of Assets	The company has ownership of assets and members only have shares in the company	The LLP has ownership of assets and Partners only have capital contribution in the LLP
14	Liability	Liability of members is only limited to the shares held by them.	Liability of partners is limited upto their capital contribution however in case a partners acts with an intension to conduct fraud, they are personally liable.
15	Agency Relationship	The Directors act as an agents of the company	Partners are agents of LLP
16	Contracts / Business transaction by Member/ Directors/ Partners	A director \ member can enter into contract with the company subject to the provisions of the Act.	A partner can enter into contract with the LLP
17	Power of Member\ Partner\ Director	Directors have power to conduct day to day affairs of the company, Member practically have no say in the management.	The power of partners/ designated partners to conduct the day to day affairs is specified by LLP agreement / LLP act.
18	Dissolution by an act of partners / members / directors	Continuance of company is not affected by the acts of its directors\ members	Continuance of LLP is not affected by the acts of its Partners.
19	Transferability of interest	Shares of every company except private company are freely transferable.	Rights/ interest of partners are transferable as per the provisions of LLP agreement.
20	Share Certificate	Right/ Interest of the members in the company is denoted by share certificate.	There are no provisions for issuing of Share Certificate. Rights/ Interest of the Partners in the LLP are evidenced by Partnership agreement.
21	Jurisdiction of Company Law Board (CLB)	CLB/ Tribunal has jurisdiction over the affairs of the company.	CLB has jurisdiction over the affairs of the LLP
22	Compromise \ arrangements \ merger \ amalgamation	Provisions exist for Compromise \ arrangements \ merger \ amalgamation for companies in the act.	Provisions exist for Compromise \ arrangements \ merger \ amalgamation for LLP in the act.

23	Minimum Capital requirement	Minimum paid up capital of Rupees One lac for incorporation of Private company and Rupees five lacs for incorporation of Public Company to be required.	No such requirement
24	Books of Accounts	Books of accounts must be prepared as specified in the Companies Act, 2013.	Books of accounts must be prepared as specified in the LLP Act.
25	Manner of Keeping Books of Accounts.	Accrual basis	Cash basis or accrual basis
26	Filing of Annual Accounts	Balance Sheet and Profit and loss account are required to be filed with the ROC annually in the prescribed format.	Statement of accounts and solvency are required to be filed with ROC annually in the prescribed format.
27	Audit of Accounts	As per the provisions of companies Act, 2013 accounts have to be audited annually	As per the provisions of LLP act, accounts to be audited annually except for LLP's having turnover less than Rs. 40 lacs or Rs. 25 lacs contribution in any financial year.
28	Applicability of Accounting standards	Accounting standard are Applicable	Its status is unclear, pending changes in income tax act.
29	Mode of Service documents	Documents to be served on company / directors may be served through electronic means.	Documents to be served on LLP / designated partners may be served through electronic means.
30	Annual Return	Annual Return is required to be filed with the ROC annually in the prescribed format	Annual Return is required to be filed with the ROC annually in the prescribed format
31	Director Identification Number / Designated Partner Identification Number	Each Director required to have a Director Identification Number before being appointed as a Director of any company	Each Designated partner required to have a DPIN before being appointed as a Designated Partner of LLP.
32	Digital Signature	At least one director of the company should have their Digital signature. Digital signature is a pre-requisite for e-filing. While at the time of set up of the company, DSC of all the directors are required. (As per the Companies Act, 2013)	All the designated partners of the LLP should have their Digital signature. Digital signature is a pre-requisite for e-filing.

33	Minimum Number of Member & Directors	Member- Minimum two for private Company and minimum seven for public company as per the Companies Act, 2013.  Directors- 2 for private limited company and 3 for public limited company. A resident director is a must now.	Minimum two partners
34	Maximum number of Member	Maximum 200 in case of Private Company and no cap of maximum number of Member in Public Company as per the Companies Act, 2013.	No cap of maximum number of its partners
35	Designated partner/ Director/ Managing Partner	Minimum two directors in case of Private company and minimum three in case of Public company.	Minimum two designated partner
36	Need for Designated partner/ Director/ Managing Partner to be partner/ member	Directors need not be a members of the company.	The designated partner need not be a partner of the company
37	Vacancy	In case the company has only minimum number of director then casual vacancy in the office of director must be filled in 30 days	In case the LLP has only minimum number of designated partner then casual vacancy in the office of designated partner must be filled in 30 days
38	Remuneration / Salary	Remuneration can be given to the Executive / non-executive directors.	Remuneration will be provided only if provided in the LLP agreement.
39	Memorandum and Articles of Association \ Partnership deed/ Partnership Agreement	Memorandum and Articles of Association is a charter of the Company which defines its scope of operation.	LLP Agreement is a charter of the LLP which denotes its scope of operation.
40	Meetings	Meeting of Board of Directors / Shareholders have to be held at specific time period as per the provisions of Companies Act, 2013.	Meeting of the Designated Partners have to be held at specific time period as per the Provisions of LLP Act.

41	Compounding of offences	Offences punishable with fine are compoundable.	Offences punishable with fine are compoundable
42	Change in directors / designated partners/ Partners.	Notice of change of director is to be given to the ROC.	Notice of change of director is to be given to the ROC.
43	Publication of name	Official correspondence / publication/ letter head/ invoices must mention the full name of the company and address of the registered office.  CIN, phone no. and e mail id to be published on the letter heads, invoices and all the official correspondences.	Official correspondence / publication/ letter head/ invoices must mention the full name of the company and address of the registered office and a statement that it is registered with limited liability.
44	Rights / Duties / obligation of Partners / Managing Partners / Directors.	Rights / Duties / obligation of directors are governed by AOA and resolution passed by shareholders or directors.	Rights / Duties / obligation of directors are governed by Partnership Agreement.
45	Minutes	Decisions taken in the meeting of board of directors/ shareholders must be recorded as minutes.	Decisions taken in meetings must be recorded as minutes within 30 days
46	Oppression and Mismanagement by majority shareholders	Elaborate provision relating to redressal in case of oppression and mismanagement	No provision relating to redressal in case of oppression and mismanagement
47	Voting Rights	Voting rights are in proportion to the shares held by members.	Each partner has only one vote
48	Transfer of Share / Partnership rights in case of death	In case of death of member, shares are transmitted to the legal heirs.	In case of death of partner, the legal heir has the right to refund of capital contribution + share in accumulated profits, if any. Legal Heirs will not become partners

49	Cessation as partners / member	A member/shareholder can cease to be a member by selling his shares.	A partner can cease to be a member by transferring his share but the transfer of right or cessation of partner does not by itself cause the disassociation of the partner notwithstanding his retirement, and he like the other continuing partners of the firm remain liable as partner to third parties for any act done by any of them which would have been an act of the firm if done before retirement until public notice is given of the retirement either by the retired partner or any other partners of the reconstituted firm.
50	Admission as partner/ member	A person can become a member by buying shares of a company	A person can be admitted as a partner with the consent of all the partners.
51	Drawing	Drawings are not permitted	Drawings are permitted as per the LLP agreement.